

Trump to consider rejoining TPP to step up pressure on China

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In another turn in the trade war against China, US President Donald Trump has asked his top economic advisers to investigate the possibility of re-entering the Trans-Pacific Partnership (TPP), after having withdrawn from the trade pact on his first day in office.

The surprise move came after Trump met with a group of governors and lawmakers from agricultural states concerned over the impact of threatened tariffs by China on US farm products, announced after Trump threatened tariffs on \$50 billion of Chinese goods.

During the meeting, Trump said he would ask US Trade Representative Robert Lighthizer and the new head of the National Economic Council, Larry Kudlow, to examine whether the US should look to re-join the TPP fashioned under the Obama administration.

During the election campaign of 2016, Trump said the TPP was a deal “pushed by special interests who want to rape our country.” The apparent turnaround has been motivated by two immediate considerations: the need to be seen as taking action to alleviate pressure on farmers threatened by the China tariffs and the search for international allies against China.

Speaking after the meeting with Trump, Kansas Republican Senator Pat Roberts, who chairs the Senate Agriculture Committee, said the decision to “take another look” at the TPP would be greeted as “good news all throughout farm country.”

Nebraska Republican Senator Ben Sasse, who has criticised Trump’s imposition of tariffs on China while agreeing with the need to take action against Beijing, said rejoining the TPP would be the best way to do this.

“The best thing the United States can do to push back against Chinese cheating now is to lead the other eleven Pacific nations that believe in free trade and the rule of law,” he said.

US agricultural producers were generally supportive

of the TPP under Obama because it would have meant greater opportunities for them in Japan and in areas of South East Asia. Last February, a group of 25 Republicans sent a letter to Trump asking him to “re-engage with the Trans-Pacific Partnership.”

After Trump scrapped participation in the TPP upon his inauguration, the other major powers, with Japan taking the lead, sought to keep the agreement alive. They have developed a lesser version of the deal, called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Trump has dropped hints at various times that he could look again at the TPP. Last January at the World Economic Forum in Davos, Switzerland he told the business channel CNBC, “I would do TPP if we were able to make a better deal.”

But a better deal for the US could mean a worse deal for the other 11 nations, and whether they would sign off on it after protracted negotiations to arrive at the initial agreement is another question.

The Trump administration has not done any exploratory or preparatory work in this direction, with all attention devoted since last August to the preparation of measures against China under section 301 of the 1974 Trade Act. However, adverse international reaction to the section 301 tariff measures and the resistance of China have brought the US face to face with the fact that it does not command the global economic power it once enjoyed, and that it will need to cultivate international allies to secure its objectives.

One manifestation of this need is seen in the decision by the administration to exempt so-called “strategic” international allies from the tariffs on steel and aluminium while negotiations take place. The US has made it clear that permanent exemption will have to include support for action against Chinese steel, which

is blamed for global overcapacity, and for wider US measures, particularly over what it claims is misappropriation of intellectual property rights by Chinese firms.

Speaking to the *Wall Street Journal*, international trade economist Gary Hufbauer of the Peterson Institute for International Economics pointed to the international considerations behind Trump's TPP turn. "You can explain this entirely in the context of US-China relations," he said. "Trump has got to get some allies. As of now (Chinese President) Xi has the upper hand."

The conflict is expected to intensify next week as the US prepares a list for imposts on the additional \$100 billion worth of goods announced by Trump in retaliation for the threatened Chinese agricultural tariffs.

The initial list of goods, worth \$50 billion, was carefully selected to target those that are part of Beijing's "Made in China 2025" program aimed at boosting Chinese technological development. An investigation cited by Bloomberg found that 70 percent of the products targeted fell under the program. Consumer items such as clothes, furniture and electronic goods such as phones were largely avoided. But the threatened tariff coverage could rapidly spread.

According to a report in the *Wall Street Journal*, US Trade Representative Lighthizer could detail as early next week the goods that will be covered in the additional tariffs on \$100 billion worth of products, and the "sheer size of the expansion of the hit list makes the inclusion of consumer items inevitable."

Trump's turn to the TPP and possible American re-entry into the agreement is based on the recognition that the Obama approach may have had some tactical advantages. Like the Trump measures, the TPP was aimed at the most fundamental level at holding back Chinese technological development and ensuring that the US would maintain its dominant position through a system of measures to protect so-called intellectual property rights.

Trump has been denounced for moving outside the rules of the international trading system under the World Trade Organisation. But the TPP had the same aim. It set up a trade bloc centred on the US and covering the Asia-Pacific, from which China was to be specifically excluded. The objective was to force China to seek entry under terms dictated by the US.

Like the Trump "America First" measures aimed at

Chinese high-tech development, which the US regards as threatening both its economic and military supremacy, the TPP was bound up with the military push against China under Obama's "pivot to Asia."

This connection was laid out most clearly in a speech delivered by Obama's defence secretary, Ashton Carter, on April 6, 2015 devoted to the next phase of the US "rebalance" to the Asia-Pacific.

"[Y]ou may not expect to hear this from a secretary of defence, but in terms of our rebalance in the broadest sense, passing TPP [through the US Congress] is as important to me as another aircraft carrier. It would deepen our alliances and partnerships ... and it would help us promote a global order."

The words are different but the aims are the same as those of Trump. Recalling them makes clear that trade war, and the threat of economic chaos and military conflict it brings, has not sprung from the heads of Trump or his advisers but is an expression of the historic crisis of American imperialism as it strives to maintain global dominance.



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